

INTELLECTUAL OUTPUT 4

Case Study IO4- Marketing

Constraints and challenges arising from demographic issues in North Alentejo - Portugal

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1. Summary

North Alentejo is a depopulated region with high aging rate and other unfavourable indicators. Demography is an increasing constraint in this region. On the other hand, its geographical location and many other factors described, are challenges that, with public strategic policies, discussed in this study, may contribute to not only invert the trend but also to promote territorial cohesion and other benefits.

A marketing approach is essential for institutions and companies to reverse this situation.

2. Introduction

Alentejo is a region of Portugal situated in the centre-south of the country. "Is the largest Portuguese region with a territorial area equivalent to about 31,500 km², corresponding approximately to one third of the country territory. Alentejo borders with the regions of Centro, Algarve and the Spanish regions of Extremadura and Andalusia." (Comission, 2020)

In the north part of this region, we find North Alentejo, the north part of Alentejo, that constitutes a sub-region. In this study, our main focus will be the sub-region, for its specific features, different from Alentejo as a whole.

The region of Alentejo has the lowest average population density among Portuguese regions, 22,6 people per km² in 2018 (Eurostat, 2020) and, in the North Alentejo, this value is even lower: 17,5 people per Km² (Pordata, 2020). This value is decreasing as, in 2010, North Alentejo had an average population density of 19,6 people per KM². (Pordata, 2020)

The population resident is of 106.268 people, in 2018, against 119.379 people in 2010. (Pordata, 2020).

The population is decreasing and, as we will see, this can be a big constraint for sustainability and economical growth.

“Over the past decades, the region has undergone an average negative population growth rate, which is largely due to rural exodus and ageing population.” (Comission, 2020).

In a poor and depopulated region like North Alentejo, the need of public and European support is crucial to this region. The demographic issues are a constraint to economic growth, as already largely discussed in literature. But, with smart strategies very focused, this constraint can be a challenge, where public strategies can contribute to invert this situation, specially in a strategic vision that includes marketing strategies using tools that reduce distances and differences.

3. Aims

Facing the demographic situation of North Alentejo, as a big constraint to economic growth and development, in this study, we will analyse some public regional strategies for Alentejo and discuss the challenges to this region.

To achieve this main objective, some statistical data is presented, and strategical official documents are presented and discussed.

4. Literature Review

Demography is the science of populations, seeking to understand population dynamics by investigating three main demographic processes: birth, migration and aging (including death). (Max Planck Institute for Demographic Research, 2020) All these factors have a major contribution to changes in populations and nations.

The concept of “population density” allow us to perceive how many people live in the region in focus. By population density we mean “Settlement intensity expressed by the relationship between the number of inhabitants of a

territorial area and the surface of that territory (usually expressed in number of inhabitants per square kilometre)" (INE, Indicadores demográficos - documento metodológico, 2006)

Also, the concept of "aging rate" allows to understand the structure of the population regarding elder people and younger people: "Relationship between the elderly population and the young population, usually defined as the quotient between the number of people aged 65 and over and the number of people with ages between zero and 14 years old (usually expressed by 100 (10²) people from 0 to 14 years)." (INE, Indicadores demográficos - documento metodológico, 2006)

The "crude birth rate" is the number of birth per 1000 inhabitants (Pordata, 2020). With this rate, we may perceive the structure of the population regarding its renovation.

Currently, demographic issues, specially in regions and countries with low birth rates below the replacement level, know big debate in developed countries, as the "aging of societies". With the aging of society and low birth rates, the demographic sustainability is one main challenge for regions and countries. (Uhlenberg, 2016)

The relationship between demography and economy is very close. Until now, change in the structure of population was favourable, as young and working-age population was increasing. Recently, in developed countries, this trend has changed and the share of elder population is growing and the share of working-age population is decreasing. (Lee & Mason, 2011) This situation and its relation with economy raise complex questions, whose discussion is out of the scope of this study. However, we must see that, in past times, business competitiveness was based in the production of tangible goods but, currently, as technology is present in many sectors, the main competitiveness factors are mainly intangible. (Laranja, Corado Simões, & Fontes, 1997). So, this inflection can open a new approach and allows different strategies in which the demographic constraint can be mitigated.

Public and community policies are very important, specially for this kind of regions. Governments don't control competitive advantage but, however, they assume great importance in the making of policies that influence in a positive or negative way economy. (Porter, 1990)

Also, according to (Cooke & Morgan, 1998) regional structures are closer to surrounding and they are preferable actors in the needed liaison between government and companies. However, these authors reinforce that national governments reserve themselves as the only institution able to maintain social cohesion.

5. Method

This case study is a collection of official demographic statistic data. Data was presented in table. Also, official strategic documents are presented and discussed. The collection of this information, both data and strategic axes, are the basis for the definition of the main lines of discussion to be made about the challenges for North Alentejo.

6. Results

The population in North Alentejo, as analysed previously in this volume,¹ is depopulated and the situation accentuates every decade.

Table 1 – Population density according to Census

Territories. Geographic scope		Average of individuals per Km ²			
		1960	1981	2001	2011
NUT III	Alto Alentejo	30,1	22,8	20,3	18,9

Source: Pordata (2020)

The resident population has decreased in almost a decade more than 10%:

Table 2 – Resident population in North Alentejo

	2010	2018
North Alentejo	119,379	106,268

Source: Pordata (2020)

Concerning “aging rate”, that is, the quotient between elder people (>65 years) *versus* younger people (0-14 years), there is a remarkable aging rate in the region regarding the national rate. Also, the aging rate is increasing, in regional and national level.

Table 3 – Aging rate in North Alentejo and in Portugal

	2010		2018	
	North Alentejo	Portugal	North Alentejo	Portugal
Aging rate. Elder people per 100 young people	207	122	237	157

¹ See Perez-Castro, Miguel Ángel, “Economic keys against depopulation of rural areas: case of Alto Alentejo (Portugal)”, in this volume.

Source: Pordata (2020)

Regarding births, the “crude birth rate” in North Alentejo is lower than the national rate that, in turn, is low, values 1 per 1000:

Table 4 – Crude birth rate in North Alentejo and Portugal

	1981	2018
Portugal	15,5	8,5
North Alentejo	---	7,4

Source: Pordata (2020)

Considering the confluence of the decrease of the resident population, the increase of the aging rate and the low crude birth rate, these three factors contribute, relevantly, to what is called “aging of the population”, that is the renovation of population is not assured in this region and the trend is increasing over the years.

The aging tends to accentuate in close future and specialists agree that, in prospective scenarios, this situation may now be irreversible. (Ferreira Rodrigues & Castro Henriques, 2017)

This demographic sustainability is one of the strategic challenges Portugal is facing, in order to stop aging of the population and to assure demographic sustainability, assuring also providing goods and services adequate to an aged population. (Programa Portugal 2030, 2017)

In Portugal, all the inland has similar characteristics, although not so accentuated as the ones of Alto Alentejo. For that, the central government has dedicated special attention to the conditions of inland, in order to assure territorial and social cohesion. For that, currently, it was established a Policy for the enhancement of the interior. The focus is on valuing the Interior based on resources with the capacity to incorporate knowledge and technology to increase the installed productive dimension, the diversification of the economic base and the creation of qualified jobs, contributing to attract and fix the population in these territories, as recommended in the Interior. (Portugal G. d., 2002)

The interior allows people to have a good quality of life, as they can live in smaller towns with less pollution, with time for the family and leisure. Also, living in small towns is much less expensive than in a big town. Portugal has made a great effort in digital networks and digital infrastructures. The focus in the creation of qualified jobs may attract to inland professionals with a higher

economic level that can buy houses and spend money in social and leisure life. Also, these professionals have more ability to create companies or to invest.

The second purpose of the strategic policy for cohesion is investing in cross-border, transnational and interregional territorial cooperation through joint projects, optimized management of shared infrastructures and equipment and the mobilization of multiple partners. (Portugal G. d., 2002)

The geographical location of Alentejo is not only a challenge but an opportunity, as people are closer to Spain than to Lisbon. Transnational business can be more easy, as they are closer, than business with other regions of Portugal, far more distant. One good example of a transnational cooperation is the creation of an Euro city – Badajoz-Elvas-Campo Maior.

The Euro city Elvas-Campo Maior-Badajoz arises from the protocol signed between the Municipality of Elvas and Ayuntamiento de Badajoz in 2013, and subsequently enlarged to Campo Maior in 2015. Finally being constituted in May 2017. The area of regional and cross-border influence of Badajoz has 600,000 inhabitants. Trade and services remain the main source of employment. Campo Maior has 32% of the population employed in the industrial sector, directly associated with Delta.

This interesting project is not the only one between Portugal and Spain. Currently there are others: Euro city Chaves –Verin, Guadiana Euro city - Ayamonte-Vila Real de Santo António –Castro Marim and Euro city Valença-Tui.

In a regional level, the regional development strategy for the period 2014/2020 is fundamentally based on the appreciation of the Alentejo identity, represented by its cultural heritage, environmental value and deepening of urban-rural relations, boosted by innovation, with a view to creating new dynamics of economic development and employment and the improvement of existing ones, within a sustainability and quality of life of citizens". (CCDRA, 2014)

The cultural heritage represents a main factor as, in relation in tourism, it can be one of the main challenges for Alentejo and specially for North Alentejo. The valorisation of endogenous resources can allow economic attractiveness. Also, innovation, specially based in the relation between science and companies, can enhance emerging activities with high technological index, also contributing to attract qualified jobs, with the advantages prior discussed.

The R&D units play a crunch role, and investment in science and technology can be the solution to implement these strategies.

The reverse of that can be that there are structural investments can must be prior to this, for example investment in accessibilities, like train or high-ways, and even airplane. Portalegre has no daily train connections to Lisbon and the ones that exist are not direct and take several hours to go 250km. Also, Portalegre, capital of District, is not served by close high-ways as, going south or north, they are distant about 60km.

Regarding airplane connection, Ponte de Sôr has an aerodrome whose utilization could be enhanced, cautioning economic sustainability, allowing commercial connections to Lisbon.

Although the accessibility (plane, train, motorway ...) could be structuring, there may be investments in communication networks that further support development. In a way, the absence of this type of accessibility helps the creation of the region's brand, as long as forms of telework are created that support the new times, the territory due to its characteristics could, supported by marketing strategies, acquire new attractiveness.

7. Conclusions and Recommendations

North Alentejo is land of opportunities, if challenges are perceived by authorities and if the populations take advantage of the opportunities created by national and community policies.

The central government has payed special attention to inland territories, where North Alentejo is included. Also, there are special conditions of this region, like geographical location, cultural heritage and endogenous products that can represent opportunities.

This study pretended to show that, in spite of the big constraints caused by demography, there are big challenges that can be seized, if populations understand the need of these policies and the advantages that may arise from them. A marketing approach would be a way for those who try to reduce this problem to become more effective.

8. References

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